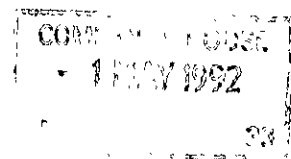


Company Number 1193013

GALLAGHER PLUMER LIMITED

REPORTS AND FINANCIAL STATEMENTS

31 DECEMBER 1991



GALLAGHER PLUMER LIMITED

REPORTS AND FINANCIAL STATEMENTS
31 DECEMBER 1991

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GALLAGHER PLUMER LIMITED

DIRECTORS & OFFICERS

DIRECTORS: J D Stancik (USA) Chairman
R N L Helman Managing Director &
Deputy Chairman
T L W Evans Deputy Chairman
G Cavazzi (USA)
C M East
John P Gallagher (USA)
J Patrick Gallagher (USA)
J Hewett Hicks
D Knight
J J Lloyd
M G Neil
A D Robertson
T A Robertson
R S Wilson

SECRETARY: J J Lloyd

REGISTERED OFFICE 9, Alie Street
LONDON
E1 8DE

AUDITORS: Ernst & Young
Becket House
1 Lambeth Palace Road
LONDON
SE1 7EU

SOLICITORS: Clyde & Co
51 Eastcheap
LONDON
EC3M 1JP

Freshfields
Grindall House
25 Newgate Street
LONDON
EC1A 7LH

BANKERS:	Barclays Bank Plc	National Westminster Bank Plc
	P&O Building	PO Box 34
	122 Leadenhall Street	15 Bishopsgate
	LONDON	LONDON
	EC3V 4DQ	EC2P 2AP

GALLAGHER PLUMER LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements for the year ended 31 December 1991.

Review of the business

The principal activity of the group continued to be that of insurance broking.

During 1991 the decline in premium rates slowed down, while some classes, in particular Marine and Aviation, started to increase towards the year end. Brokerage income was lower due principally to the departure of a number of staff in the Marine Reinsurance Division during 1990 which effected 1991 revenues. A new team has been taken on in order to rebuild this important sector of business.

In 1991 interest earning declined, primarily due to the fall in US Dollar interest rates. In 1992 this decline is continuing. In general for 1992, no significant upturn in results is anticipated. However due to a substantial proportion of the group income and assets being denominated in US Dollars the relative US Dollar/ Sterling exchange rate continues to be crucial to results.

Results and Dividends

The results of the group for the year ended 31 December 1991 are set out in the financial statements on pages 4 to 18. A dividend of £147,000 was paid. The retained profit has been transferred to reserves.

Fixed Assets

Details of changes in fixed assets are set out in notes 10 to 11 to the financial statements.

Directors

The present directors are as shown on page 1. None of the directors had a beneficial interest in shares of group companies which are required to be disclosed in this report. R. Wilson was appointed a Director on 18 July 1991, and C.M. East was appointed on 19 February 1992, N.K. Rice resigned on 7 March 1991 and C.J. Carter resigned on 31 December 1991.

Donations

During the year the group made charitable donations amounting to £600

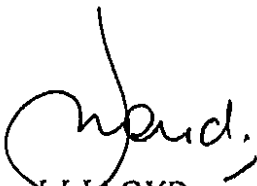
GALLAGHER PLUMER LIMITED

REPORT OF THE DIRECTORS (Continued)

Auditors

Ernst & Young have signified their willingness to continue in office. The re-appointment of the auditors will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



J. J. LLOYD
Secretary

9 Alie Street
LONDON
E1 8DE

27 April 1992

GALLAGHER PLUMER LIMITED

CONSOLIDATED PROFIT & LOSS ACCOUNT
for the year ended 31 December 1991

	<u>Notes</u>	<u>1991</u>	<u>1990</u>
TURNOVER	2	6,724,344	7,718,115
Other operating income	3	1,692,885	2,153,744
Trading expenses	4	<u>(7,269,751)</u>	<u>(8,797,268)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,147,478	1,074,591
Taxation	7	<u>(413,068)</u>	<u>(496,835)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		734,410	577,756
Dividend	9	<u>(147,000)</u>	<u>-</u>
RETAINED PROFIT FOR THE YEAR		<u>£587,410</u>	<u>£577,756</u>
STATEMENT OF RESERVES			
Reserves at beginning of year		4,847,724	4,269,968
Retained profit for the year		<u>587,410</u>	<u>577,756</u>
Reserves at end of year	21	<u>£5,435,134</u>	<u>£4,847,724</u>

GALLAGHER PLUMER LIMITED

CONSOLIDATED BALANCE SHEET
for the year ended 31 December 1991

	<u>Note</u>	<u>1991</u> £	<u>1990</u> £
FIXED ASSETS			
Tangible assets	10	1,095,009	1,329,135
Investments	11	<u>46,097</u>	<u>32,097</u>
		<u>1,141,106</u>	<u>1,361,232</u>
CURRENT ASSETS			
Debtors	13	19,275,730	10,123,678
Investments	14	227,915	227,915
Cash	15	<u>21,956,103</u>	<u>20,338,206</u>
		<u>41,459,748</u>	<u>30,689,799</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	16	<u>(35,902,806)</u>	<u>(25,896,975)</u>
NET CURRENT ASSETS		<u>5,556,942</u>	<u>4,792,824</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,698,048	6,154,056
CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR	17	(154,963)	(154,963)
PROVISION FOR LIABILITIES AND CHARGES	18	<u>200,525</u>	<u>157,107</u>
NET ASSETS		<u>£6,743,610</u>	<u>£6,156,200</u>
CAPITAL AND RESERVES			
Called up share capital	20	744,476	744,476
Share premium account	21	564,000	564,000
Profit and loss account	21	<u>5,435,134</u>	<u>4,847,724</u>
		<u>£6,743,610</u>	<u>£6,156,200</u>

GALLAGHER PLUMER LIMITED

BALANCE SHEET

for the year ended 31 December 1991

	Note	1991	1990
		£	£
FIXED ASSETS			
Tangible assets	10	1,095,009	1,329,135
Investments	11	1,838,049	1,824,049
Subsidiary Companies	12	<u>1,082,072</u>	<u>1,082,072</u>
		<u>4,015,130</u>	<u>4,235,256</u>
CURRENT ASSETS			
Debtors	13	16,001,586	8,702,242
Investments	14	217,915	217,915
Cash	15	<u>18,091,371</u>	<u>17,329,190</u>
		<u>34,310,872</u>	<u>26,249,347</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR	16	<u>29,746,463</u>	<u>22,382,426</u>
NET CURRENT ASSETS		<u>4,564,409</u>	<u>3,866,921</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		8,579,539	8,102,177
CREDITORS - AMOUNTS FALLING DUE AFTER ONE YEAR	17	(154,963)	(154,963)
PROVISIONS FOR LIABILITIES AND CHARGES	18	<u>211,978</u>	<u>168,560</u>
NET ASSETS		<u>£8,636,554</u>	<u>£8,115,774</u>
CAPITAL AND RESERVES			
Called up share capital	20	744,476	744,476
Share premium account	21	564,000	564,000
Profit and loss account	21	<u>7,328,078</u>	<u>6,807,298</u>
		<u>£8,636,554</u>	<u>£8,115,774</u>

Approved by the Board on 27 April 1992
and signed on its behalf by:

R N L HELMAN)

)

)

) Directors

J J LLOYD)

)

GALLAGHER PLUMER LIMITED

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 31 December 1991

	<u>1991</u>	<u>1990</u>
SOURCE OF FUNDS		
Profit before taxation	1,147,478	1,074,591
Adjustments for items not involving the movement of funds :		
Profit on disposal of tangible fixed asset	(40,921)	(30,483)
Depreciation	671,893	637,716
Provision for doubtful debts	<u>(171,166)</u>	<u>132,927</u>
	<u>459,806</u>	<u>740,160</u>
FUNDS GENERATED FROM OPERATIONS	1,607,284	1,814,751
FUNDS FROM OTHER SOURCES		
Proceeds on disposal of fixed assets	<u>142,786</u>	<u>128,712</u>
	1,750,070	1,943,463
APPLICATION OF FUNDS		
Dividends paid	147,000	-
Taxation paid/(recovered)	989,185	(84,322)
Purchase of tangible fixed assets	539,632	766,758
Purchase of investment	<u>14,000</u>	<u>14,449</u>
	<u>1,689,817</u>	<u>696,885</u>
	<u>£ 60,253</u>	<u>£ 1,246,578</u>
MOVEMENTS IN WORKING CAPITAL		
Increase/(decrease) in debtors	8,980,886	(15,004,127)
Decrease/(increase) in creditors	<u>(10,538,530)</u>	<u>14,023,864</u>
	(1,557,644)	(980,263)
Movements in net liquid fund		
(Decrease)/Increase in current investments	-	(119,102)
(Decrease)/Increase in bank and cash balances	<u>1,617,897</u>	<u>2,345,943</u>
	<u>£ 60,253</u>	<u>£ 1,246,578</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31 December 1991

1. ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable accounting standards.

(a) Basis of Consolidation

The financial statements have been prepared under the historical cost convention. They include the financial statements of the company and its subsidiary companies made up to 31 December. The profits and losses of subsidiary companies are consolidated from the date of acquisition to the date of disposal. Goodwill is written off against reserves immediately. No profit and loss account is presented for the company as provided by S228 (7) of the Companies Act 1985.

(b) Revenue and Expense Recognition

(i) Turnover

Turnover comprises net retained brokerage.

Brokerage is taken to credit when debit notes are processed irrespective of the inception date or period of insurance with the exceptions of reinsurance business which is credited following receipts of declarations, and certain business covering more than one year which is credited over the period of the policy.

(ii) Interest

Interest is credited on an accruals basis.

(iii) Expenses

Costs are written off as incurred.

(c) Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets on a straight line basis over their useful lives.

(d) Taxation

The charge for taxation is based on the profit for the year at current rates of tax and takes into account deferred taxation arising from timing differences between the treatment of certain items for accounts purposes and their treatment for corporation tax purposes.

(e) Foreign Currencies

Assets, liabilities, revenues and costs expressed in foreign currencies are translated into sterling at rates of exchange ruling on the date on which transactions occur, except for monetary assets and liabilities which are translated at the rates ruling at the balance sheet date. Differences arising on the translation of such items are dealt with in the profit and loss account.

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1991

2. TURNOVER

The group's turnover and profit before taxation is all derived from its activities of insurance broking.

The geographical analysis of turnover is as follows:

	<u>1991</u> £	<u>1990</u> £
United Kingdom & Europe	2,102,099	3,660,873
North America	4,061,566	3,512,488
Other Countries	<u>560,679</u>	<u>544,754</u>
	<u>£6,724,344</u>	<u>£7,718,115</u>

3. OTHER OPERATING INCOME

<u>1991</u> £	<u>1990</u> £
------------------	------------------

Included in other operating income are:

Interest receivable	1,651,964	2,120,928
Profit on sale of fixed assets	40,921	30,483
Profit on sale of subsidiary	<u>-</u>	<u>2,333</u>

4. TRADING EXPENSES

<u>1991</u> £	<u>1990</u> £
------------------	------------------

Included in trading expenses are:

Staff costs (note 5)	3,623,803	3,857,084
Depreciation	671,893	637,716
Auditor's Remuneration	57,020	68,901
Operating leases	1,035,960	1,060,218
Doubtful debts provision	(171,166)	56,373
(Profit)/loss on foreign exchange	<u>(183,153)</u>	<u>760,277</u>

5. STAFF COSTS

<u>1991</u> £	<u>1990</u> £
------------------	------------------

Salaries	2,986,267	3,195,373
Social security costs	324,334	319,164
Other pension costs	<u>313,202</u>	<u>342,547</u>
	<u>£3,623,803</u>	<u>£3,857,084</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1991

5. STAFF COST (continued)

The average number of persons employed by the group during the year was as follows:

	<u>1991</u> Number	<u>1990</u> Number
Broking & Technical	99	100
Administration	<u>27</u>	<u>28</u>
	<u>126</u>	<u>128</u>

The number of employees who received emoluments (excluding pension contributions) in the following ranges were:

	<u>1991</u> Number	<u>1990</u> Number
£ 30,001 - £ 35,000	1	5
£ 35,001 - £ 40,000	5	4
£ 40,001 - £ 45,000	3	9
£ 45,001 - £ 50,000	5	2
£ 50,001 - £ 55,000	2	-
£ 55,001 - £ 60,000	2	-
£ 60,001 - £ 65,000	1	-
£ 65,001 - £ 70,000	1	1
£ 75,001 - £ 80,000	1	-

6. DIRECTORS

1991

1990

(a) Emoluments

Management services	<u>£1,075,887</u>	<u>£782,262</u>
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Director's emoluments, excluding pension contributions, included amounts paid to:

Chairman	£ 101,126	£ Nil
The highest paid Directors' emoluments	£142,016	£ 131,338

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1991

6. DIRECTORS (continued)

The number of other Directors who received emoluments (excluding pension contributions) in the following ranges were:

	<u>1991</u> Number	<u>1990</u> Number
Up to £5,000	2	5
£ 30,001 - £ 35,000	1	1
£ 35,001 - £ 40,000	-	2
£ 45,001 - £ 50,000	1	1
£ 50,001 - £ 55,000	1	2
£ 55,001 - £ 60,000	1	-
£ 60,001 - £ 65,000	1	-
£ 65,001 - £ 70,000	-	2
£ 70,001 - £ 75,000	2	1
£ 75,001 - £ 80,000	1	-
£ 95,001 - £100,000	-	1
£110,001 - £115,000	-	1
£120,001 - £125,000	1	-
£130,001 - £135,000	1	-

(b) Transactions

As far as the Directors are aware, other than as disclosed below, no transaction or arrangement involving a Director of the company requires disclosure in these financial statements under the Companies Act 1985.

All of the Directors who are underwriting members of Lloyd's participate in syndicates on similar terms which govern all other members of the syndicates in which they participate. In the normal course of business the company may place risks with the syndicates at Lloyds in which the Directors participate as members; any such business is placed on a normal commercial basis. Save as aforesaid, no Director is connected with any insurance underwriter other than as an insignificant shareholder in an insurance company which is listed on the London Stock Exchange.

7. TAXATION

	<u>1991</u> £	<u>1990</u> £
Based on the profit for the year		
Corporation tax at 33.5% (1990 35%)	553,154	504,942
Deferred taxation	<u>(43,418)</u>	<u>(8,107)</u>
	509,736	496,835
Corporation Tax adjustments in respect of prior years	<u>(96,668)</u>	-
	<u>£413,068</u>	<u>£496,835</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 1991

8. PROFIT ON ORDINARY ACTIVITIES
AFTER TAXATION

	<u>1991</u> £	<u>1990</u> £
Dealt with in the accounts of the company	667,780	670,718
Retained by subsidiary companies	66,630	(94,178)
Consolidation: Adjustment on sale of subsidiary	-	1,216
	<u>£734,410</u>	<u>£ 577,756</u>

9. DIVIDENDS
Ordinary shares

<u>£147,000</u>	<u>-</u>
-----------------	----------

10. TANGIBLE FIXED ASSETS

	<u>Computer Equipment</u> £	<u>Leasehold Premises Short Term</u> £	<u>Furniture and Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
THE GROUP AND COMPANY AT COST					
1 January 1991	640,245	427,588	769,275	657,854	2,494,962
Additions	160,638	12,480	16,781	349,734	539,632
Disposals	-	-	-	(302,223)	(302,223)
31 December 1991	<u>£800,883</u>	<u>440,068</u>	<u>786,056</u>	<u>705,365</u>	<u>2,732,371</u>

ACCUMULATED DEPRECIATION

1 January 1991	309,487	149,471	428,504	278,365	1,165,827
Charge for year	242,353	106,612	161,741	161,187	671,893
Eliminated on disposals	-	-	-	(200,358)	(200,358)
31 December 1991	<u>£551,840</u>	<u>256,083</u>	<u>590,245</u>	<u>239,194</u>	<u>1,637,362</u>

NET BOOK VALUES

31 December 1991	<u>£249,043</u>	<u>183,985</u>	<u>195,811</u>	<u>466,171</u>	<u>1,095,009</u>
31 December 1990	<u>£330,757</u>	<u>278,117</u>	<u>340,772</u>	<u>379,489</u>	<u>1,329,135</u>

Depreciation rates

33 1/3 %	to next rent review	20%	25%
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GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1991

11. INVESTMENTS

	<u>The Group</u> <u>Unlisted</u>	<u>Unlisted</u>	<u>The Company</u> <u>Loan to</u> <u>Subsidiary</u>	<u>Total</u>
	£	£	£	£
COST				
At 1 January 19910	107,097	99,049	1,800,000	1,899,049
Additions	14,000	14,000	-	14,000
Disposals	-	-	-	-
At 31 December 1991	£121,097	113,049	1,800,000	1,913,049
PROVISIONS FOR DIMINUTION IN VALUE				
At 1 January 1991	£75,000	75,000	-	75,000
Net. Book Values				
At 31 December 1991	£46,097	38,049	1,800,000	1,838,049
At 31 December 1990	£32,097	24,049	1,800,000	1,824,049

In the opinion of the Directors the value of unlisted investments is not less than book value.

The loan to a subsidiary company is subordinated to the rights of other creditors of that company, bears no interest and is only repayable with the consent of Lloyd's.

12. INVESTMENTS IN SUBSIDIARY COMPANIES

Shares at net asset value at 1 January and 31 December 1991 £1,082,072

Details of the company's subsidiaries at 31 December 1991 were as follows:

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Continued) for the year ended 13 December 1991

12. INVESTMENTS IN SUBSIDIARY COMPANIES (continued)

<u>Name</u>	<u>Activity</u>	<u>Incorporated</u>	<u>Class of Shares</u>	<u>Percentage Held</u>
John Plumer & Partners Limited	Lloyd's Broker	Great Britain	Ordinary	100 %
John Plumer & Partners Marine Limited	Dormant	Great Britain	A Ordinary B Ordinary Participating Preference	100 %* 100 %* 100 %*
Gallagher Plumer Aviation Limited	Dormant	Great Britain	Ordinary	100 %
Gallagher Plumer Marine Reinsurance Brokers Limited	Dormant	Great Britain	Ordinary	100 %
Gallagher Plumer Non-Marine Limited	Dormant	Great Britain	Ordinary	100 %
Gallagher Plumer North American Limited	Dormant	Great Britain	Ordinary	100 %
John Plumer & Company Limited	Dormant	Great Britain	Ordinary	100 %

* HELD BY A SUBSIDIARY

13. DEBTORS

	<u>1991</u>	<u>The Group</u> <u>1990</u>	<u>1991</u>	<u>The Company</u> <u>1990</u>
	£	£	£	£
Insurance Debtors	12,827,701	4,228,668	9,550,664	1,866,008
Insurance balances due from fellow group companies	5,952,016	5,367,929	5,875,766	5,367,929
Other debtors	220,082	151,165	220,082	151,163
Prepayments and accrued income	275,931	375,916	263,876	357,036
Amounts due from subsidiary companies	-	-	91,198	960,106
	<u>£19,275,730</u>	<u>£10,123,678</u>	<u>16,001,586</u>	<u>£8,702,242</u>

All debtors fall due within one year

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1991

14. INVESTMENTS - UNLISTED

	<u>The Group</u> <u>1991 and 1990</u>	<u>The Company</u> <u>1991 and 1990</u>
	£	£
Certificates of Tax Deposit	217,915	217,915
Lloyd's Deposit	<u>10,000</u>	<u>-</u>
	<u>£227,915</u>	<u>£217,915</u>

15. CASH

Deposits and other cash balances are, in compliance with the requirements of the Corporation of Lloyd's, subject to a charge in favour of a trustee for insurance broking creditors at 31 December 1991 as follows:

	<u>The Group</u>	<u>The Company</u>
	£	£
Deposits and other cash balances	<u>£ 16,302,908</u>	<u>£ 13,140,853</u>
Insurance broking creditors	<u>£ 33,916,478</u>	<u>£ 27,761,662</u>

16. CREDITORS - AMOUNTS DUE WITHIN ONE YEAR

	<u>1991</u>	<u>The Group</u> <u>1990</u>	<u>1991</u>	<u>The Company</u> <u>1990</u>
	£	£	£	£
Insurance creditors	33,391,123	22,638,604	27,236,317	18,623,927
Insurance balances due to group companies	525,355	217,752	525,355	217,752
Corporation tax/group relief	541,708	1,074,407	528,208	1,125,119
Social security costs	262,246	157,510	262,246	157,510
Other creditors	1,182,374	1,808,702	1,182,381	1,808,702
Amounts due to subsidiary companies	<u>-</u>	<u>-</u>	<u>11,956</u>	<u>449,416</u>
	<u>£35,902,806</u>	<u>£25,896,975</u>	<u>£ 29,746,463</u>	<u>£22,382,426</u>

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1991

17. CREDITORS - AMOUNTS DUE AFTER MORE THAN ONE YEAR

The amount is a Shareholders' loan arising on the acquisition of the minority interest in the subsidiary Gallagher Plumer International Ltd. It has no set repayment date and no interest is payable.

18. PROVISION FOR LIABILITIES AND CHARGES

	<u>The Group</u>	<u>The Company</u>
	£	£
At 1 January 1991	157,107	168,560
Credit for the year	<u>43,418</u>	<u>43,418</u>
	<u>£200,525</u>	<u>£211,978</u>

The provision relates to deferred taxation and full details are set out in note 19.

19. DEFERRED TAXATION

	<u>1991</u>	<u>The Group</u>	<u>1990</u>	<u>1991</u>	<u>The Company</u>	<u>1990</u>
	£		£	£		£
Provision for deferred taxation is made in respect of the following:						
Excess of depreciation over tax allowances	143,255		82,145	143,255		82,145
Other short term timing differences	(11,453)		(11,453)	-		-
Long term timing differences arising on pension payments	<u>68,723</u>		<u>86,415</u>	<u>68,723</u>		<u>86,415</u>
	<u>£200,525</u>		<u>£157,107</u>	<u>£211,978</u>		<u>£168,560</u>

The provision, which represents the total potential asset/(liability), is based on the rates of corporation tax which it is anticipated will apply when the timing differences reverse.

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1991

20. SHARE CAPITAL

	<u>1991</u>	<u>1990</u>
Authorised 1,250,000 ordinary shares of £1 each	<u>£1,250,000</u>	<u>£1,250,000</u>
Allotted, issued and fully paid 744,476 ordinary shares of £1 each	<u>£744,476</u>	<u>£744,476</u>

21. RESERVES

	Share Premium <u>Account</u> £	Profit and Loss <u>Account</u> £	<u>Total</u> £
THE GROUP			
At 1 January 1991	564,000	4,847,724	5,411,724
Retained profit for the year	-	<u>587,410</u>	<u>587,410</u>
At 31 December 1991 =	<u>£564,000</u>	<u>£5,435,134</u>	<u>£5,999,134</u>
THE COMPANY			
At 1 January 1991	564,000	6,807,298	7,371,298
Retained profit for the year	-	<u>520,780</u>	<u>520,780</u>
At 31 December 1991	<u>£564,000</u>	<u>£7,328,078</u>	<u>£7,892,078</u>

22. CAPITAL COMMITMENTS

There were no Capital commitments (1990 £Nil)

GALLAGHER PLUMER LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) for the year ended 31 December 1991

23. OTHER FINANCIAL COMMITMENTS

The annual commitments under non-cancellable operating leases of over 5 years in respect of land & buildings are £963,210

There are no other operating leases.

24. PENSION COMMITMENTS

The group operate a defined benefit pension scheme which is funded by the payment of contributions to a separately administered trust fund.

The contributions to the scheme is determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The results of the most recent valuation which was conducted as at 30 April 1991 was as follows:

Main assumptions:

Rate of return on investments (% per annum)	9.0
Rate of salary increases (% per annum)	8.0
Rate pension increase (% per annum)	4.5

Market value of scheme's assets	£6,085,000
Level of funding being the actuarial value of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increase	150%

The group is currently taking a pension holiday. The surplus in the scheme is being recognised on the mortgage basis over 12 years, the average expected remaining service lives of the employees.

The balance sheet pension provision at the year end amounted to £443,125, and arises from the difference between the amounts expensed and actual pension contributions.

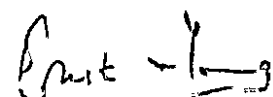
25. ULTIMATE HOLDING COMPANY

The ultimate holding company is Arthur J Gallagher & Co. incorporated in the United States of America.

REPORT OF THE AUDITORS TO THE MEMBERS OF GALLAGHER PLUMER LIMITED

We have audited the accounts on pages 4 to 18 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 31 December 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst and Young
Chartered Accountants
Registered Auditor
London

27 April 1992